

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Robert G. Taub

Competitive Product Prices
Global Expedited Package Services 3
(MC2010-28)
Negotiated Service Agreement

Docket No. CP2013-21

NOTICE AND ORDER CONCERNING
AN ADDITIONAL GLOBAL EXPEDITED PACKAGE SERVICES 3 CONTRACT

(Issued November 27, 2012)

I. INTRODUCTION

Notice of filing. On November 26, 2012, the Postal Service filed a notice announcing that it is entering into an additional Global Expedited Package Services (GEPS) 3 contract (Contract).¹ The Notice was filed in accordance with 39 CFR 3015.5. Notice at 1. The Postal Service seeks to have the instant Contract included

¹ Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, November 26, 2012 (Notice).

within GEPS 3 product on grounds of functional equivalence to a previously approved baseline agreement. *Id.* at 2.

Background. Customers for GEPS contracts are small- or medium-sized businesses that mail products directly to foreign destinations using Express Mail International, Priority Mail International, or both. *Id.* at 4. The Commission added GEPS 1 to the competitive product list, based on Governors' Decision No. 08-7, by operation of Order No. 86. *Id.* at 1. It later approved the addition of GEPS 3 contracts to the competitive product list as a result of Docket Nos. MC2010-28 and CP2010-71.² The Commission designated the contract filed in Docket No. CP2010-71 as the baseline agreement for purposes of establishing the functional equivalency of other agreements proposed for inclusion within the GEPS 3 product. *Id.* at 1-2.

II. CONTENTS OF FILING

The filing includes a Notice, along with the following attachments:

- Attachment 1—a redacted copy of the instant contract;
- Attachment 2—a redacted copy of the certification required under 39 CFR 3015.5(c)(2);
- Attachment 3—a redacted copy of Governors' Decision No. 08-7; and
- Attachment 4—an application for non-public treatment of material filed under seal.

The material filed under seal consists of unredacted copies of the contract and supporting financial documents. *Id.* at 2. The Postal Service filed redacted versions of the sealed financial documents in public Excel spreadsheets.

Functional equivalency. The Postal Service asserts that the instant Contract and the baseline contract are functionally equivalent because they share similar cost and market characteristics. *Id.* at 3. It notes that the pricing formula and classification established in the Governors' Decision No. 08-7 ensure that each GEPS contract meets

² See Docket Nos. MC2010-28 and CP2010-71, Order No. 503, Order Approving Global Expedited Package Services 3 Negotiated Service Agreement, July 29, 2010.

the criteria of 39 U.S.C. 3633 and related regulations. *Id.* The Postal Service further asserts that the functional terms of the two contracts are the same and the benefits are comparable. *Id.*

The Postal Service states that prices may differ, depending on when an agreement is signed, due to updated costing information. *Id.* at 4. It also identifies other differences in contractual terms, but asserts that the differences do not affect either the fundamental service being offered or the fundamental structure of the contract.³ *Id.* at 4-6.

Term. The term of the agreement is one calendar year (from the effective date), unless terminated sooner pursuant to contractual provisions. *Id.* Attachment 1 at 7. The effective date is tied to receipt of regulatory approval, but no later than 30 days after such approval. *Id.*

III. COMMISSION ACTION

The Commission establishes Docket No. CP2013-21 for consideration of matters raised in the Notice. Interested persons may submit comments on whether the Postal Service's contract is consistent with the requirements of 39 CFR 3015.5 and the policies of 39 U.S.C. 3632 and 3633. Comments are due no later than December 6, 2012. The public portions of the Postal Service's filing can be accessed via the Commission's website at <http://www.prc.gov>. Information on how to obtain access to nonpublic material appears at 39 CFR 3007.40.

The Commission appoints James F. Callow to represent the interest of the general public (Public Representative) in this case.

³ The list includes, among other things, deletion of an article that appears in the baseline contract, the addition of articles, and related renumbering of articles. See *id.* at 4-6.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. CP2013-21 for consideration of matters raised in the Postal Service's Notice.
2. Pursuant to 39 U.S.C. 505, the Commission designates James F. Callow to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments are due no later than December 6, 2012.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary